DRN-5191899

The complaint

Mr P says Somerset Bridge Insurance Services Limited (delegated as a claims handler for his insurer) didn't pay him enough for his written-off car when he made a claim on his motor insurance policy.

What happened

Somerset Bridge offered Mr P £2,631 for the car, based on three national valuation guides. It said it had considered the adverts he'd provided of what he thought were similar cars, shown at higher prices. But it didn't agree that the cars were similar to Mr P's car. In particular, it said his car had very high mileage compared to others, and that it had been written-off twice. Mr P said his car was worth over £5,000, although an offer of £4,500 would suffice. He acknowledged that it was fair for Somerset Bridge to deduct 20% from the car's valuation, given that it had previously been categorised as an economic total loss.

One of our Investigators reviewed Mr P's complaint. She checked the sums quoted in the valuation guides and found they were in line with those used by Somerset Bridge. She also considered the adverts provided by Mr P. In particular, he had highlighted a car advertised at just under £6,000 that he said had the exact specification of his car. The Investigator noted that its mileage was 31,000 (as opposed to over 173,000 miles on Mr P's car) and that it hadn't previously been a total loss. Mr P said he thought a maximum 35% deduction could be made for those two issues. But after considering all the evidence, the Investigator said she thought Somerset Bridge had acted reasonably in offering Mr P £2,631.

As there was no agreement, the complaint was passed to me for review.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We think the fairest way to establish a car's likely market value is to look at the sums shown in the valuation guides, as they're based on extensive research of likely sales prices nationally and are updated regularly. Somerset Bridge used three of the guides, and we checked that the figures it had taken from them were accurate. We found that the fourth source of valuations we normally use didn't quote for Mr P's car, given its age.

Normally we expect an insurer to base its offer on the top valuation given in the guides, which was £2,850 (£219 higher than the average) unless it can explain why it doesn't think that's appropriate. Somerset Bridge said the car's very high mileage and total loss history - plus the fact that its engineer couldn't find any comparable vehicles advertised for more – meant its valuation was fair. I think that was reasonable.

We don't usually find adverts persuasive, as they only reflect asking prices - and advertised prices for similar cars can vary. But we consider them, and we expect insurers to do so, as

Somerset Bridge's engineer did. Having reviewed the adverts, I don't think it was unreasonable for Somerset Bridge to conclude that the cars shown in them weren't comparable to Mr P's car. Mr P disputes the engineer's finding that most of the cars were of a different specification to his. But even if they were the same specification, I think the evidence shows that the major issues pertaining to Somerset Bridge's valuation were the much higher mileage of Mr P's car, compared to some others, plus the lack of evidence that most had also been written-off previously.

In my opinion, the car advertised at just under £6,000 (with mileage of only 31,000) is an example of that. Mr P said at one point that the car had been written-off previously. But in the car's description, under the *'Insurance write-off category'* there's just a dash. I think that is likely to indicate that it wasn't written-off. The adverts for cars with 'category N' write-off status showing on them that Mr P provided show lower or similar prices to the sum he was offered for his car. And we don't know the prices at which all the advertised cars sold.

Mr P told the Investigator he thought a 15% to 20% deduction for a previous total loss was fair (we think 20% is reasonable) and that 10% to 15% could fairly be deducted for the high mileage on his car. It isn't clear why Mr P thinks the maximum deduction for the very high mileage on his car should be 15%. But Mr P's car would have had to be worth around £7,000 (pre-accident) before a 35% deduction for its high mileage and its total loss history was made, in order for him to achieve the compromise sum of £4,500. There's no evidence of that, and Mr P hasn't suggested it was worth that sum. Mr P also thinks a year's difference in age between cars makes £1,000 difference to their valuations. Somerset Bridge's engineer said that was wrong, and I haven't seen anything to the contrary. Mr P tried to get evidence from a dealership garage, but he wasn't able to do so.

Mr P feels strongly that he's been treated unfairly by Somerset Bridge, so he's bound to be disappointed with my decision. But taking everything into account, I don't think he's shown that it acted unreasonably, so I can't uphold his complaint.

My final decision

My final decision is that I don't uphold this complaint. Under the Financial Ombudsman Service's rules, I must ask Mr P to accept or reject my decision before 17 March 2025.
Susan Ewins
Ombudsman